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and Trace Technologies, LLC, Debtors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re	Case No. 13-30340 - DM
GABRIEL TECHNOLOGIES CORP. et al.,	(Case no. 13-30341)
Debtors.	(Jointly Administered)
E.I.N.s 22-3062052; 20-1711149	

DEBTORS' FINAL REPORT AND ACCOUNT

Pursuant to Rule 1019(5)(A)(ii) of the Federal Rules of Bankruptcy Procedure, GABRIEL TECHNOLOGIES CORPORATION ("Gabriel") and TRACE TECHNOLOGIES, LLC ("Trace," and collectively with Gabriel, the "Debtors"), submit their *Debtors' Final Report And Account* as the debtors-in-possession herein from February 14, 2013 (the "Petition Date") to July 8, 2014, the date of conversion of both cases to chapter 7.

I. BACKGROUND

On October 8, 2013, the Court entered its *Order Suspending Cases Under Section 305* (the "Suspension Order," docket no. 215), suspending the above-captioned chapter 11 cases pending the outcome of the Debtors' appeals in prepetition litigation entitled *Gabriel Technologies Corporation, et.al. v. Qualcomm Incorporated, et. al.*, case no. 08CV1992 (the "Qualcomm Litigation"), initiated by the Debtors against Qualcomm Incorporated ("Qualcomm") and others (collectively, the "Defendants") in the District Court.

Prior to the commencement of the chapter 11 cases, the Qualcomm Litigation was summarily

1 decided by the District Court in favor of the Defendants (the “Judgment”). Also prior to the Petition
2 Date, the District Court entered an order awarding attorneys’ fees (the “Fee Order”) in favor of the
3 Defendants and against the Debtors. The Debtors appealed the Judgment and the Fee Order to the
4 Federal Circuit Court, and both appeals were pending as of the Petition Date.

5 On March 18, 2014, the Federal Circuit Court entered orders affirming both the Judgment and
6 the Fee Order. Pursuant to the Bankruptcy Court’s Suspension Order, a status conference was
7 scheduled for April 7, 2014 (the “Status Conference”) in order to determine how to proceed in the
8 Debtors’ chapter 11 cases in light of the rulings. At that time, the Debtors, Qualcomm and the
9 Committee of Unsecured Creditors appointed herein (the “Committee”) advised the Court that their
10 collective view was that it would be beneficial to all parties to continue the status conference to
11 determine whether continuation of the chapter 11 process or a conversion to chapter 7 best suited the
12 parties’ interests. Accordingly, the Court continued the status conference to July 11, 2014.

13 A few days prior to the July 11, 2014 status conference, the Debtors, Qualcomm, and the
14 Committee agreed that conversion to chapter 7 was appropriate at that time. Accordingly, the Court
15 entered the agreed-upon order converting the cases.

16 **II. DEBTORS’ ACTIVITY WHILE DEBTORS-IN-POSSESSION**

17 Although the Debtors had no business activity while in possession of their chapter 11 estates,
18 they nevertheless filed monthly operating reports, and paid the United States Trustee fees as they
19 became due. The following are schedules of the Debtors’ assets, receipts, and disbursements while in
20 chapter 11:

21 **A. Estate Assets**

22	Checking Account, Wells Fargo	Balance as of May 31, 2014	\$112.00
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24 **B. Schedule of Receipts and Disbursements**

25	<u>Receipts</u>		
26	Insurance premium refund		\$9,930.00
27	Lease deposit refund		\$1,579.00
28	Prepetition bank account funds		\$54.00
	Funds advanced to Debtors		\$1,492.00

<u>TOTAL:</u>	<u>\$12,515.00</u>
<u>Disbursements</u>	
Bank expense	\$102.00
Vendor expense	\$323.00
Miscellaneous expense	\$632.00
U.S. Trustee fees	\$3,250.00
Notice expense (paid to shareholder account agents)	\$8,181.00
<u>TOTAL:</u>	<u>\$12,488.00</u>

C. Postpetition Debts

On July 25, 2014, the Debtors filed their *Debtors' Schedule Of Unpaid Postpetition Debt* (docket no. 246).

D. State Court Settlement Proceeds

The Debtors, as plaintiffs, were parties in a civil action titled *Gabriel Technologies Corp., etc. v. Keith Feilmeier, etc., et al.*, Doc. 1092 No. 798 (the "Whittle Litigation"), filed in state court in Omaha, Nebraska, against, among other parties, the personal representatives of the probate estate (the "Whittle Estate") of Rick Whittle. The Debtors entered into a settlement agreement, approved by this Court upon entry of its order on October 21, 2013 (docket no. 221, the "Order"), with the Whittle Estate settling all claims in the Whittle Litigation.

Under the terms of the settlement, the Whittle Estate paid to the Debtors' counsel the cash sum of \$40,000 (the "Settlement Proceeds"). The undersigned Debtors' counsel holds the Settlement Proceeds in trust for the Debtors' estate, subject to any enforceable liens or other encumbrances as set forth in the Order.

DATED: August 11, 2014

MEYERS LAW GROUP, P.C.

By /s/ Merle C. Meyers, Esq.
 Attorneys for Debtors